



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains a pursuit of County position on legislation to reform redevelopment law and expand redevelopment authority; a status update on three County-sponsored bills relating to: 1) job qualification for the position of county public defender; 2) reimbursement for the medical treatment of minors; 3) reimbursement for forensic medical evaluations for children placed in out-of-home-care; a status update on nine County-advocacy bills; and an update on two bills of County interest.

Pursuit of County Position on Legislation

SB 286 (Wright), which as amended on April 27, 2011, would make a number of changes to certain aspects of Community Redevelopment Law (CRL), including provisions to revise property tax increment allocations, expand redevelopment uses and impose new requirements on implementation plans.

Specifically, SB 286 would: 1) exempt schools from contributing to redevelopment for new and expanded redevelopment project areas adopted after January 1, 2012; 2) limit the total amount of land that could be included in a new or expanded redevelopment project area; 3) prohibit uses of property tax increment revenue for: a) a vacant parcel of land of 20 acres or more that has not previously been developed, with an exception for military base conversions; b) a golf course, race track or racing venue; and c) a stadium, coliseum, arena or other professional sports facility without voter approval;

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4) expand redevelopment authority to include direct assistance for industrial and manufacturing uses and to increase energy efficiency, reduce greenhouse gas emissions and facilitate infill development; 5) heighten blight evidentiary requirements; 6) provide a mechanism for establishment of standard tax increment pass-through methodology; 7) cap interest rates on money borrowed from the local legislative body; 8) require performance audits of Redevelopment Agencies (RDAs) by the State Auditor and provide funds for those reviews; and 9) require community input and additional information on implementation plans, as specified.

SB 286 also would allow RDAs to provide direct assistance to: 1) residents and businesses for increasing energy efficiency and reducing greenhouse gas emissions or to facilitate infill development of areas in an approved sustainable communities strategy; and 2) businesses for industrial or manufacturing uses, where the assistance is reasonably expected to result in job retention or expansion. Direct assistance would include loans, loan guarantees, or the provision of machinery and equipment in new or existing facilities for industrial or manufacturing uses. The bill states that the Legislature finds and declares that the purpose of the provisions for direct assistance for industrial or manufacturing uses is to clarify existing law and to provide RDAs with additional authority to assist businesses for the purpose of retaining jobs and expanding employment. The bill also provides that these activities and programs would constitute redevelopment.

Community Redevelopment Law authorizes a city or county to create RDAs for the purpose of curing blight. Physical and economic blight is defined in the Community Redevelopment Reform Act of 1993 (AB 1290 - Chapter 942, Statutes of 1993), which sought to curb redevelopment abuse by tightening the showing of blight needed to invoke redevelopment powers. The Act also placed specified limitations and requirements on projects and mandated pass-through of a statutorily established share of diverted property tax increment to affected localities.

The Community Development Commission (CDC) believes that certain aspects of the bill would strengthen blight findings to prevent redevelopment abuse. According to CDC, the bill would not have a significant impact on its existing redevelopment program or operations.

The Chief Executive Office (CEO) Operations Cluster and County Counsel indicate that the expansion of the purpose of redevelopment to include direct assistance to businesses for equipment and retrofitting to reduce greenhouse gasses in order to enhance employment opportunities is inconsistent with the purpose of CRL, which is to address existing blight. SB 286 fails to offer a link between an existing business adding jobs and the elimination of blight, or if those jobs would go to local residents. Further,

any non-traditional use of tax increment by RDAs could lower the amount of property taxes that will revert to the taxing agencies at the conclusion of the project. The use of diverted property tax increment revenue for activities other than curing blight that does not increase property values will negatively impact the County and other local taxing entities.

Additionally, the CEO and County Counsel indicate that comprehensive reform of redevelopment in California should address one of the most often cited issues expressed by critics of redevelopment which is that redevelopment projects never end. The original intent of redevelopment was to have been a temporary diversion of tax increment from the local taxing entities to eliminate blight in urban areas. The promise of redevelopment is fulfilled, and RDAs pay for themselves, only when redevelopment projects end and formerly blighted areas are returned to the property tax roles. The property tax increment revenue at that point would revert to the local agencies so that these entities may pay for the provision of core municipal services in those areas. Should some small pockets of blight remain after more than 50-years of RDA efforts, then those areas could be placed into new redevelopment project areas under current law, and with the approval of local taxing entities.

County Counsel and this office oppose SB 286 unless amended to: 1) delete the bill language that would expand the purpose of redevelopment; and 2) require redevelopment projects to end at their specified end dates and not to allow RDAs to extend the life of projects without regard to blight. Therefore, consistent with existing Board policy to: 1) support legislation which continues or extends the redevelopment law reforms accomplished in AB 1290 (Chapter 942, Statutes of 1993), and oppose any redevelopment legislation which would cause the County to lose revenues or which would limit or repeal provisions of AB 1290; and 2) support measures to close loopholes that allow RDAs to extend the life of projects beyond the statutory time frames established in AB 1290, **the Sacramento advocates will oppose SB 286, unless amended as indicated above.**

In the past, the County opposed AB 2531 (Fuentes) of 2010, which would have expanded the term of redevelopment to include direct assistance to businesses and other activities; AB 2043 (Torrico) of 2010, which would have redefined the term redevelopment to include loan assistance; and AB 2759 (Nestande) of 2010, which would have redefined the term redevelopment to include emergency shelters and transitional housing.

SB 286 is supported by the California Redevelopment Association, League of California Cities, and California Business Properties Association. It is opposed by the California Professional Firefighters. The bill was held in the Senate Governance and Finance Committee on May 4, 2011. No hearing date has been scheduled.

Status of County-Sponsored Legislation

County-sponsored AB 259 (Smyth), which as amended on May 11, 2011, would expand the job qualifications for applicants to the position of county public defender to include sitting or retired judges, judicial commissioners, magistrates, referees or elected public officials, passed the Assembly Floor by a vote of 56 to 13 on May 19, 2011. The measure now proceeds to Senate Rules.

County-sponsored AB 396 (Mitchell), which as amended on May 12, 2011, would allow counties to obtain Federal matching funds to reimburse them the cost of medical treatment for minors who are hospitalized and outside of the County's detention facility for more than 24 hours, passed the Assembly Appropriations Committee by a vote of 17 to 0 on May 18, 2011.

County-sponsored AB 652 (Mitchell), which as amended on May 10, 2011, would specify that the costs of initial health assessments and forensic medical evaluations performed on children who are placed in out-of-home care, due to suspected abuse or neglect, shall be covered benefits under the Medi-Cal program, the Healthy Families Program or a licensed health care insurance plan, was placed on the Assembly Appropriations Committee's suspense file on May 18, 2011, because of potential costs to the State General Fund.

Status of County-Advocacy Legislation

County-supported AB 192 (Logue), which as amended on February 22, 2011, would appropriate \$500.0 million from the State General Fund to the Local Safety and Protection Account to fund local public safety programs beginning on July 1, 2011, and each July 1 thereafter, for a period of five years. This measure was heard in the Assembly Revenue and Taxation Committee on May 16, 2011. The bill failed to be taken off of the Committee's suspense file and will not proceed to the Appropriations Committee for consideration.

County-opposed AB 341 (Chesbro), which would: 1) increase the mandatory solid waste diversion rate from 50 percent to 75 percent by January 1, 2020; 2) require the owner or operator of a business that contracts for waste services and generates more than four cubic yards of total waste and recyclable materials per week, to arrange for

recycling services; and 3) require enforcement agencies to inform solid waste facility operators that it is requiring a revision in the solid waste facility permit in conjunction with allowing changes in the design or operation of a facility, was placed on the Assembly Appropriations Committee's suspense file on May 18, 2011, due to potential costs to the State.

County-supported AB 723 (Bradford), which would extend the sunset date on the Public Goods Charge (PGC) to 2016, was placed on the Assembly Appropriations Committee's suspense file on May 18, 2011, due to potential costs to the State. The electricity PGC is a non-bypassable surcharge imposed on all retail sales to fund public goods research, development and demonstration, and energy efficiency activities.

County-supported AB 727 (Mitchell), which would require the State to provide healthier food options in vending machines, concessions, and cafeterias located in State-owned or leased buildings, was placed on the Assembly Appropriations Committee's suspense file on May 18, 2011, because of potential costs to the State General Fund.

County-supported AB 1124 (Skinner), which would state legislative intent to qualify low-income households for financial assistance under the Low-Income Energy Efficiency Program for repairs or replacements of furnaces or water heating systems for a multifamily building, was placed on the Assembly Appropriations Committee's suspense file on May 18, 2011, due to potential costs to the State.

County-supported AB 1182 (Hernandez), which as introduced on February 18, 2011, would delete existing requirements for assessing the value of a motor vehicle to exclude the value of a licensed motor vehicle from consideration when determining and re-determining CalWORKs eligibility, passed the Assembly Floor by a vote of 55 to 17 on May 12, 2011. This measure now proceeds to Senate Rules Committee.

County-opposed SB 244 (Wolk), which would require a city or county to amend its general plan to address the presence of island, fringe, or legacy unincorporated communities inside or near its boundaries and require a city or county to take specified action related to the conditions or deficiencies within these areas and outline implementation measures to achieve the goals for eliminating or reducing the negative conditions, passed the Senate Appropriations Committee by a vote of 6 to 3 on May 16, 2011, with technical amendments. This measure now proceeds to the Senate Floor.

County-supported SB 515 (Corbett), which would: 1) require battery manufacturers, by September 30, 2012, to submit a stewardship plan (plan) to the Department of Resources Recycling and Recovery (CalRecycle) for review; 2) prohibit, on or after January 1, 2014, a producer, wholesaler or retailer from selling household batteries unless CalRecycle certifies the submitted plan as complete; and 3) establish progressive collection goals for household batteries of 25 percent by 2015, 45 percent by 2017, with proof of continuous meaningful improvement in the collection rate starting January 1, 2018 and after, was placed on the Senate Appropriations Committee's suspense file on May 16, 2011 due to potential costs to the State.

County-supported SB 746 (Lieu), which as amended on March 22, 2011, would prohibit persons under 18 years of age from utilizing ultraviolet (UV) tanning devices and eliminate the option for parents to provide consent for their minor children over the age of 14 from using UV tanning devices, was placed on the Senate Appropriations Committee's suspense file on May 16, 2011, because of potential increased costs to the State General Fund.

Status of County Interest Legislation

AB 591 (Wieckowski), which as amended on May 10, 2011, would require well operators to provide specific information to the Division of Oil, Geothermal and Gas Resources (DOGGR) within the Department of Conservation prior to and after drilling wells that would be used in the future to develop legislation and/or regulations to reasonably and effectively regulate hydraulic fracturing.

Specifically, AB 591 would require the application of intent to begin drilling to include all of the following: 1) the type of exploration and production techniques that the operator will use at the well(s); 2) information regarding the chemicals that the operator intends to bring onsite for injecting into the well for hydraulic fracturing or other production enhancement methods in the exploration or production process; and 3) the location of any known seismic faults within five miles of the well.

After drilling has commenced, the bill would require the operator to submit a list of chemicals used which would be required to be posted on the DOGGR website. Specific information required includes: 1) the name of the chemical; 2) the purpose of the chemical; 3) the Chemical Abstract Service numbers for the chemical; 4) the estimated total amount of the chemical to be used; 5) the actual rate or concentration of each chemical used; 6) the amount and source of water used in the exploration or production from the well; and 7) any radiological components or tracers to be injected into the well and a description of the recovery method for those elements or tracers, the expected recovery rate, and disposal method for recovered components or tracers.

In addition, AB 591 would require the operator to notify every property owner and occupant of property within one mile of a well if the listed chemicals include a chemical known to cause cancer or reproductive toxicity. If the information provided in the application to drill changes during the course of the exploration and production process, the operator is required to immediately notify the DOGGR. AB 591 would also require the DOGGR to collect information and prepare maps regarding oil and gas wells and the location and extent of groundwater and surface water for irrigation, domestic, industrial, or wildlife purposes that might be affected and include this information on its internet website.

AB 591 is supported by California Coastal Protection Network, California Water Association, Clean Water Action, Environment California, Planning and Conservation League, and Sierra Club California. It is opposed by American Chemistry Council, California Independent Petroleum Association, and Western States Petroleum Association.

This measure was placed on the Assembly Appropriations Committee's suspense file on May 18, 2011, due to potential costs to the State.

AB 1178 (Ma), which as amended on May 10, 2011, would: 1) prohibit a city or county from otherwise restricting or limiting in any way the importation of solid waste into that city or county based on the place of origin, except as specified; 2) prohibit a city or county from exporting solid waste to any other jurisdiction unless the exporting city or county has implemented an approved household hazardous waste element and source reduction and recycling element, or has submitted a countywide integrated waste management plan, with which it is in compliance; and 3) authorize a city or county to assess special fees of a reasonable amount on the importation of waste from outside of the county to publicly-owned or privately-owned facilities.

AB 1178 includes language indicating that it does not: 1) restrict a publicly-owned solid waste facility from limiting or restricting its acceptance of solid waste from outside the jurisdiction of the public agency that owns the facility; 2) require a privately-owned solid waste facility or privately-operated solid waste facility to accept solid waste from outside the city or county where the facility is located; and 3) prevent a city or county from exercising its land use authority, including making a zoning, permitting, or other land use determination. However, it contains intent language that indicates restrictions or limits on the importation of solid waste based on the place of origin are not aspects of solid waste handling subject to local government determination because they unreasonably limit the disposal of solid waste.

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AB 1178 is supported by numerous entities, including: Burrtec Waste Industries; California Association of Sanitation Agencies; California Refuse Recycling Council; Commercial Fleet Services, Inc.; Freemont Recycling and Transfer Station; and Central Contra Costa Solid Waste Authority. It is opposed by several entities, including: California Resource Recovery Association; Californians Against Waste; San Bernardino County; Northern California Recycling Association; Sierra Club California; and StopWaste.org.

This measure passed the Assembly Appropriations Committee by an unofficial vote of 15 to 0 on May 18, 2011, and now proceeds to the Assembly Floor.

We will continue to keep you advised.

WTF:RA
MR:IGEA:sb

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
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